

2015

Missouri

Enterprise Zones

MISSOURI

Department of Economic Development

Missouri Department of Economic Development

TABLE OF CONTENTS

SUMMARY3

GEOGRAPHIC DISTRIBUTION 5

EXHIBIT – A..... 6-8



SUMMARY

STATUTORY AUTHORITY

- Sections 135.200 to 135.270, RSMo
- The first Enterprise Zone (EZ) program was established in Missouri in 1982 as a means to allow local governments the option to provide tax abatement to companies locating or expanding in a designated distressed and blighted area known as an “enterprise zone”. A state tax credit was coupled with the EZ as an entitlement based upon jobs and investment. The tax credit had no cap.
- Pursuant to SB 1155 (2004), the EZ tax benefit program was sunset and is being phased out of existence. The established EZ zones in place prior to the sunset were allowed to run their full 25 year course. The same bill replaced the EZ with the Enhanced Enterprise Zone (EEZ) program which allowed the same local tax abatement feature along with a discretionary tax credit program which with an annual cap. In 2013 HB 184 replaced the Enhanced Enterprise Zone program with the Missouri Works program (Zone Works).
- While the initial EZ zones are expiring, the established Enhanced Enterprise Zones will continue with their 25 year life span before their respective expiration dates. The amended statute still provides the authority to local governments to establish zones. Any new zone or existing zone created under EEZ retains the ability to access state tax credits under the “Zone Works” category of the Missouri Works Program, for new business locations and existing business expansions.
- This statutory annual report relates to only the zones and tax credit activity established under the original Enterprise Zone (EZ) Program. There are separate statutory reporting requirements for Missouri Works.

PURPOSE

To provide tax incentives which promote and facilitate the expansion of new and/or existing businesses in Missouri’s many enterprise zones.

PROGRAM DESCRIPTION

The eligible project must be located in one of Missouri’s “enterprise zones.” Enterprise zones are specified geographic areas as set forth by statute and certified by the Department of Economic Development (DED). Designations are based on demographic eligibility and approval of a request by the local government. The number of zones that may be certified is limited by law.

Facility eligibility is determined by its primary Standard Industrial Classification (SIC) or North American Industrial Classification System (NAICS) code, and includes manufacturing, warehousing, wholesale distribution, mining, insurance, research and development, recycling operations, computer-relat-

ed services, and certain office activities.

To receive credits, a facility must create at least two new jobs and make a new investment equal to or in excess of \$100,000 (\$1,000,000 for replacement facilities) in the claimed year as compared to the base year (the year prior to a facility's commencement of operations). The investment credits are based on the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same, excluding inventory.

Credits may be issued for each of ten years after the commencement of operations, unless the life of the enterprise zone expires first. Local property tax abatement, a state income tax exemption, and state income tax credits may be provided as business incentives, based on the following factors:

- new jobs created at the facility;
- enterprise zone residents employed by the facility;
- employees classified as "difficult to employ", or special;
- training for zone residents or employees classified as difficult to employ; and
- the amount of new investment at the qualifying facility.

MISSOURI ECONOMIC IMPACT

As evidence that the Enterprise Zone program is winding down, the Department of Economic Development issued no tax credits in fiscal year 2015. No new jobs were created or investment reported for the Enterprise Zone program during this fiscal year.

The overall state unemployment rate has decreased slightly over the past year to 5.8 percent at fiscal year end, down from 6.5 percent in June 2014. This places Missouri's unemployment rate slightly above the national unemployment rate, which 5.3 percent.

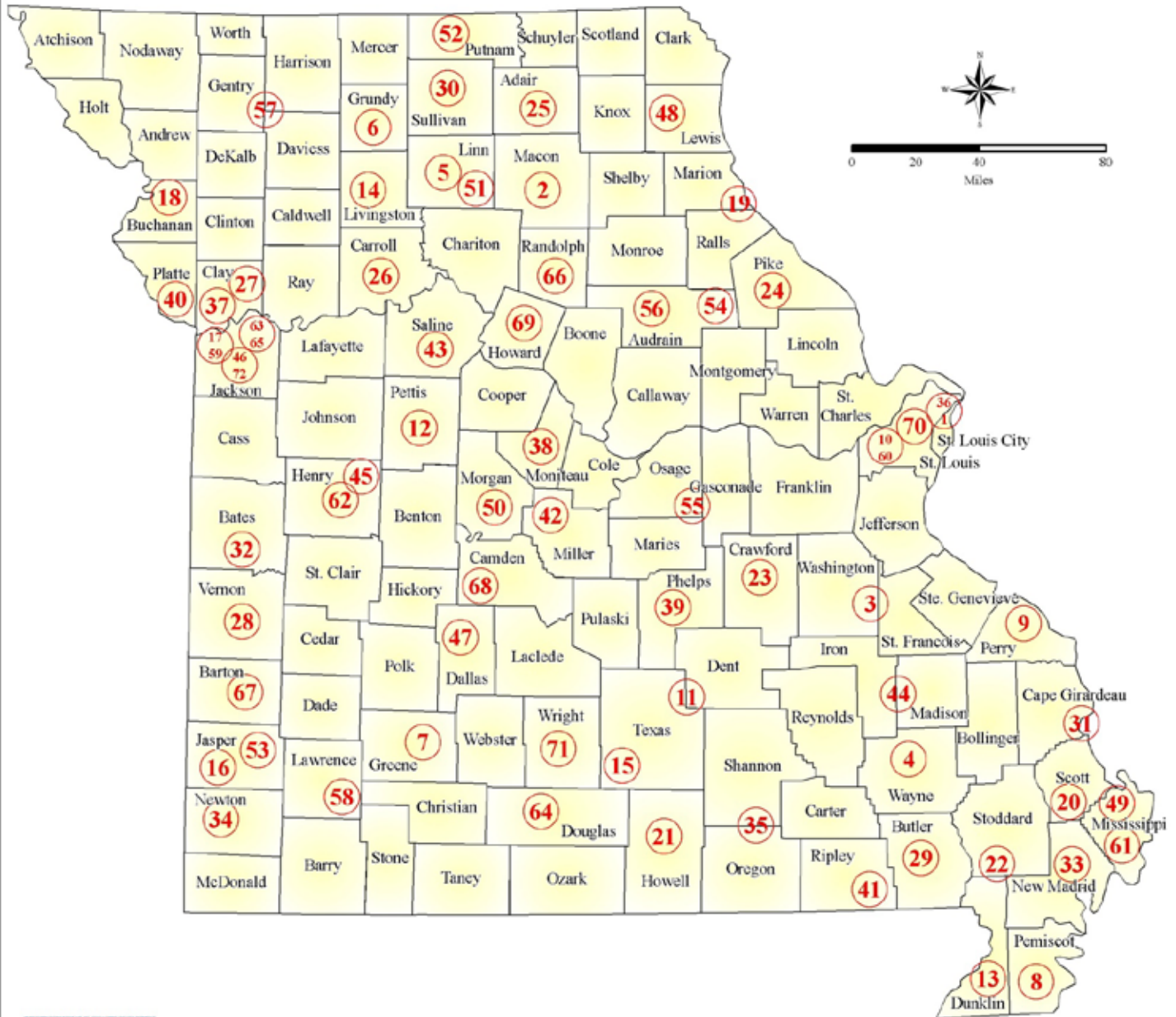
MISSOURI ENTERPRISE ZONE PERFORMANCE

The number of businesses participating in the program continues to decrease, due primarily to zone and benefit expirations. As of June 30, 2015, only 10 enterprise zone designations remain unexpired. All zones will expire by December 30, 2019. Because the MO Enterprise Zone program is sunset, the Department expects to see limited impact as zones continue to expire.



GEOGRAPHIC DISTRIBUTION

Missouri Enterprise Zones Locations



Zones Expired as of 6/30/2015

Zone # and Name	Zone # and Name
1. St. Louis Midtown	34. Neosho
3. Washington County/St Francois County/ Potosi	35. Shannon County
4. Wayne County/Greenville/Piedmont	36. St. Louis Satellite
6. Trenton	37. Clay County
7. Springfield	38. California
8. Pemiscot	39. Rolla
9. Perryville	40. Kansas City Satellite #1
10. Wellston	41. Ripley County
11. Dent County/Texas County/Salem/Licking/Houston	42. Miller County
12. Sedalia	43. Marshall
13. Kennett	44. Madison Co./Iron Co./Fredericktown/Ironton
14. Chillicothe	45. Windsor/Henry County/Pettis County
15. Cabool	46. Kansas City Satellite #2
16. Joplin Area/Webb City	47. Dallas County/Bufalo
17. Kansas City	48. Lewis County
18. St. Joseph/Buchanan County	49. Mississippi County
19. Hannibal	50. Morgan County
20. Sikeston	51. Marceline
21. Howell County/West Plains/Willow Springs	52. Putnam County
22. Dunklin Co./Stoddard Co./Malden/Dexter	53. Carthage
23. Cuba/Steelville/Crawford County	54. Vandalia
24. Pike	55. Gasconade Valley
25. Kirksville	56. Mexico
26. Carrollton	57. Daviess County/Gentry County/Harrison County
27. Excelsior Springs	58. Aurora
28. Nevada/Vernon County	59. Kansas City Federal Enterprise Community
29. Poplar Bluff/Butler County	60. St. Louis/Wellston Federal Enterprise Community
30. Milan/Sullivan County	61. East Prairie Federal Enterprise Community
31. Cape Girardeau/Cape Girardeau County	62. Clinton
32. Butler	63. Independence
33. New Madrid	64. Ava

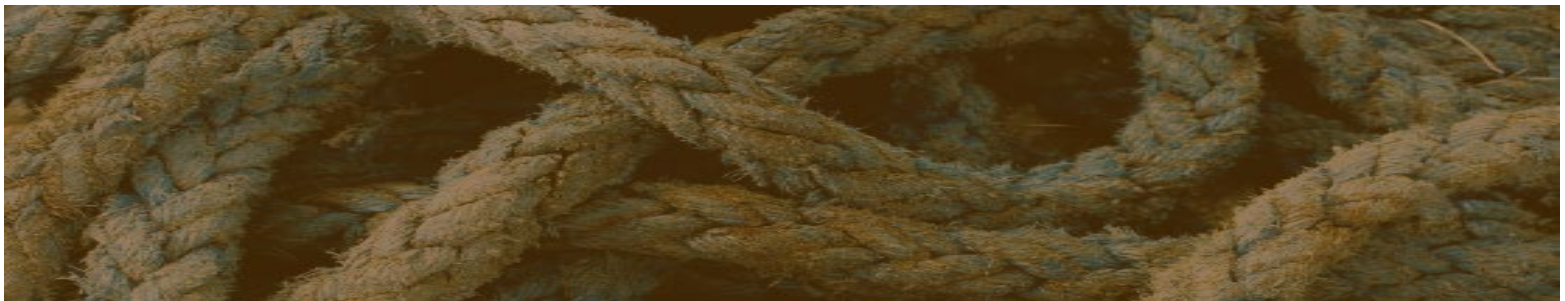


Exhibit A: Economic Impact of Still Active Missouri Enterprise Zones, Fiscal Year 2015

Economic Impact of Still Active Missouri Enterprise Zones, Fiscal Year 2015

No credits were issued in FY2015.

Active Zones - Number and Name	Number of Facilities	Net New Investment from Previous FY ³	Net New Jobs ³	Zone Residents ¹	Special Employees ²	Total Credit Issued FY 2012
2. Macon/Macon County/Callao/Bevier						
5. Brookfield						
65. Independence Satellite						
66. Moberly						
67. Lamar						
68. Camden County						
69. Fayette						
70. North St. Louis County						
71. Wright county						
72. Independence Satellite Zone II - Southeast						
Totals:						

¹ Indicates employees living in an area designated an active enterprise zone.

² Employees were eligible for MO General Relief program, Temporary Assistance Program, or were unemployed at least 3 months prior to being hired at the facility.

³ Net new investment and net new jobs are calculated by comparing the previous year new investment and new jobs to current year new investment and new jobs for the businesses issued tax credits in the reporting year.